

**Title: Payments to Primary Care Physicians**

**Section: 1202**

**State Mandate**

**Overview:** Section 1202 of the Patient Protection and Affordable Care Act (ACA) requires state Medicaid agencies to increase payments to certain physician specialties for primary care services provided to Medicaid recipients during calendar years 2013 and 2014. Payments for Evaluation and Management (E/M) procedure codes and immunization services – which are provided by physicians with a specialty designation of family medicine, general practice or pediatric medicine – must be paid at a rate not less than 100 percent of the Medicare rate for those same procedures and services.

The federal government, through an enhanced Federal Medical Assistance Percentage (FMAP), will pay 100 percent of the rate in excess of Nevada's July 1, 2009 Medicaid rates for those procedures (up to the Medicare rate).

**Targeted Populations:** This provision of the ACA targets primary care physicians by increasing their reimbursement for select primary care services.

**Fiscal Impact:** Using FY2010 data, the estimated fiscal impact is \$4,539,278 for FY 2013. Rates for these procedures and services, provided by the physician specialties identified in the law, were calculated using the CMS Medicare formula, the 2009 unit values for the Nevada-specific resource based relative value scale (RVU's), and the 2009 Medicare Physician Fee Schedule conversion factor of \$36.0666.

The additional cost is to be fully funded by the federal government. It is possible that the actual rates for 2013 and 2014 could be higher if the conversion factor and RVUs for 2013 and 2014 are higher. Therefore, it is possible that the rates and related costs could increase. This could result in a larger fiscal impact, although there should be no net effect on Nevada's State revenues.

As a mandatory provision of the ACA, the increased physician payments are included in Nevada's 2011-2013 Biennium Budget in Budget Account 3243 (HCF&P – Nevada Medicaid, Title XIX) as Item M501, which is described as follows:

**M501 MANDATES**

This Decision Unit increases payments for specific primary care services provided by physicians with a specialty designation of family medicine, general internal medicine or

pediatric medicine. The ACA requires states to pay these services at a rate of not less than 100 percent of the Medicare rate. Increases will be effective January 1, 2013 and will be 100% federally funded through December 31, 2014. Using FY 2010 data, the estimated fiscal impact is \$4,539,278 for FY 2013.

There is also a companion decision unit in the budget to M501 in BA 3158, which funds a consultant to create a methodology to manually calculate the amount of the payment that receives 100% FFP and contract staffing to make the calculation on an ongoing basis. The estimated fiscal impact of the contract and related staffing is \$22,233 which is split funded by General and Federal Funds in FY 2013.

**Applicability to Nevada:** As a federal mandate under the Medicaid program, Nevada is required to increase the reimbursements paid to primary care providers for these procedures and services. In addition to its fee-for-service program, Nevada's Medicaid Managed Care Organizations (MCOs) will be affected by this requirement. At this time, however, we do not anticipate that there will be a material affect on the MCO's capitation rates.

Since the enhanced FMAP will expire in CY 2015, the State will need to determine whether it will continue to reimburse these providers for these procedures and services at the enhanced rate and assume the State's share of these additional costs in CY 2015 and beyond.